



Nonprofits in the Post-Recession Economy: Prove Your Fiscal Responsibility and be a Credible Source

While the job market remains weak, there continue to be signs that the nation is crawling out of the economic crisis. The latest government figures show a better-than-expected increase in consumer spending. Yet the nonprofit sector's recovery is likely to lag.

As *The Chronicle of Philanthropy* recently reported, if the current recession mirrors the one in the mid-1970s, donations likely won't rebound until at least 2012. Most nonprofits are feeling the pinch through flat or declining memberships, dwindling donations, employee layoffs and in having to generally "do more with less."

The situation will likely get worse before it gets better. Nearly two-thirds of respondents say that the amount of money they plan to give to nonprofits will stay the same or decrease this year. Of those who plan to decrease their giving, more than half say they will cut charitable donations by 25 percent or more. It is a gloomy outlook given the downward trend in giving from the previous two years.

Our study shows nonprofits must compete for a smaller pool of donated funds from individuals and that they will be scrutinized like never before to show how donations are used to provide effective programs and services to communities.

Our research reveals that trust is the single most important component in the relationship

between donors and nonprofits. Existing and potential donors must believe that a nonprofit is managing its funds to have the largest impact before they will invest. People want to engage with organizations to see for themselves the good work that is being done.

The organizations that will thrive in the coming years must distinguish themselves

Fig. 1: Americans generally have a positive view of the performance of nonprofits

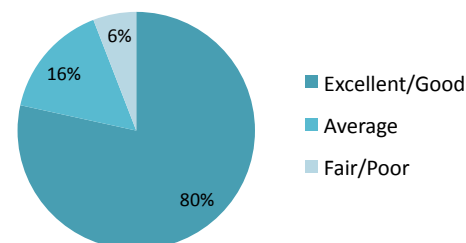
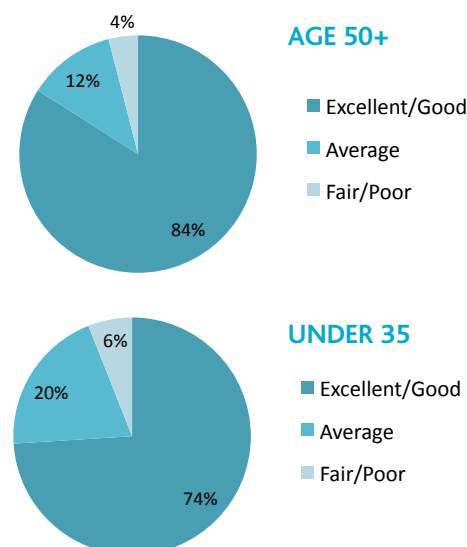


Fig. 2: Older Americans tend to have a more positive view of nonprofits than people under 35



THE 2010 FENTON FORECAST: AN OVERVIEW

Our survey of 1,000 Americans reveals:

- 80% rate the performance of nonprofits as either "good" or "excellent"
- 64% report they will either keep their donations to charity the same as last year or decrease their donations
- 56% of those who report they will decrease donations to charity say they will do so by more than 25%
- Top issues people look to nonprofits to address include:
 - reducing poverty, hunger, homelessness
 - curing illnesses
 - preventing domestic violence
- Traditional outlets such as television, radio, newspapers and magazines continue to rank the highest as credible sources of information
- Social networking sites rank at the bottom

for credibility. Even so, respondents rank Facebook as among the most popular ways they prefer to share opinions on issues that matter to them

- In addition to Facebook, respondents say "writing to a politician" and posting "on a website" are other methods they use to share opinions
- The three most important attributes in judging a nonprofit's performance:
 - is a good steward of donated funds,
 - provides trustworthy, objective and fact-based information
 - provides valuable services for people that meet needs government cannot provide for
- Among a list of 50 nonprofit organizations, respondents rank American Diabetes Association, Special Olympics and the American Red Cross as the most effective.

as exceptional financial stewards, leaders in advancing their causes and credible sources of information.

This is clearly a challenging time for nonprofits, but opportunities do exist for them to enhance their reputations, increase donor funding and, most importantly, to expand the reach and impact of their work.

We are pleased to present the results of **The 2010 Fenton Forecast: Leadership and Effectiveness Among Nonprofits**, our first annual national opinion survey based on interviews with 1,000 Americans on their perceptions and attitudes about the causes they are most passionate about, the leadership attributes of high-performing nonprofits and their perceptions of 50 well-known nonprofit organizations.

Most Americans Agree: Nonprofits Do a Very Good Job

Americans generally have a very positive opinion of the work performed by nonprofits. Eighty percent of those surveyed believe NGOs are doing an “excellent” or “good” job of serving the public good. [Fig. 1]

Men are slightly more critical than women of the effectiveness of nonprofits. And older Americans have a more favorable view of how nonprofits are performing than people under the age of thirty-five. [Fig. 2]

Americans Likely to Reduce Donations to Nonprofits

Despite the fact that most Americans believe nonprofits are doing good work, they are notably cautious about their charitable giving now and in the near future — a consequence of the economic downturn. Two-thirds of those surveyed indicate they plan to either decrease their charitable giving or keep giving at the same level as they did last year. This trend remains steady even among those with higher incomes.

More so than any other age group, many older Americans (50 and over), typically a reliable fundraising base for many nonprofits, report that they intend to reduce their giving this year. But there is a bright spot: more than half of younger Americans (18-34) surveyed report that they intend to increase their giving. [Fig. 3]

Organizations that depend on donations from Baby Boomers and older generations will need to be strategic in the coming year when it comes to raising money from this group. Nonprofits should also proactively develop outreach and fundraising programs that will appeal to younger donors.

This is a perfect opportunity to incorporate social media into fundraising programs, which will have greater appeal among younger audiences.

Fig. 3: Only people under age 35 say they will increase charitable giving in the coming year

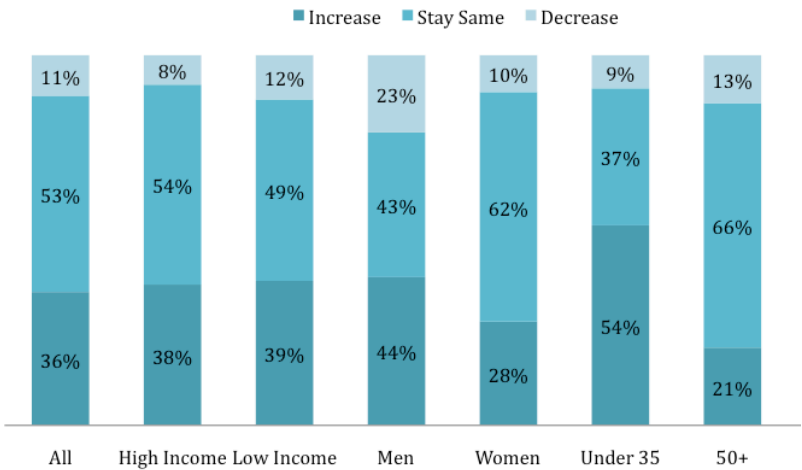


Fig. 4: Respondents were asked to choose up to 10 issues they believe are important for nonprofits to address

1	Helping with poverty, hunger, homelessness issues	34%
2	Helping cure illnesses (e.g., cancer, AIDS, birth defects)	32%
3	Domestic violence	31%
4	Creating jobs or providing job training	29%
5	Helping people with physical/mental disabilities	29%
6	Offering help following a disaster	29%
7	Advocating for children's' health and welfare	26%
8	Mentoring/tutoring kids	25%
9	Developing programs to reduce crime, violence	25%
10	Providing resources to schools	20%
11	Promoting fair/affordable housing	19%
12	Preserving environmental and animal species	18%
13	Promoting human rights, race relations	18%
14	Helping redevelop neighborhoods, inner cities	18%
15	Advocating for domesticated animals (e.g. dogs and cats)	17%

WHY WOMEN MATTER

Women are taking a more conservative approach to giving than men. Only 28 percent of women plan to give more in the coming year compared to 44 percent of men. Women also have higher expectations of a nonprofit's must-have leadership qualities, ranking most attributes “very important” in their assessment. Both are in line with market research on female consumer and donor behavior: they tend to set the bar higher, and their support can take longer to cultivate. While these may be barriers, women are simply too important not to take seriously. They tend to give more time and money to causes than men, and they are more likely to spread the word about your good works. Our advice: don't write them off. Understand what matters to them – and surpass the bar.

Addressing Basic Human Needs is a Top Priority

When asked to identify the issues that matter most to them, survey respondents prioritize those that alleviate tangible instances of human suffering. Poverty, curing illness, disaster relief and job training each ranked highly. [Fig. 4] It is likely that recent trends and events contributed to these rankings. The devastating earthquake in Haiti, for example, most likely raised the standing of disaster relief. With America still in an economic rebound and unemployment rates high, basic needs like having a home, disease prevention and cures, and jobs resonate strongly with respondents.

Fig. 5: People in our survey rank Facebook as the most popular way to voice their opinion on topics they care about.

Facebook	39%
Written to a politician	27%
On a website	25%
Posted a comment to a blog	19%
Written to an editor of a magazine or newspaper	16%
Twitter	12%
Written in my own blog	11%
Spoken at a rally, community event or other public forum	11%
Contacted a local TV station	8%

Fig. 6: Traditional news media outlets rank as the most credible sources of information about issues people care about.

Television & Radio Reports	21%
Newspapers & Magazine Reports	17%
Organization's Website	13%
Community events, fundraisers, sponsorships	9%
Through people helped by the organization	8%
Advertising [online, TV, print, etc.]	6%
Directly from organization through reports, mail, etc.	5%
Social Networking (i.e. Facebook, Twitter, etc.)	4%
My own Internet search	4%
Celebrity Spokesperson	4%

Communication Must-Haves: Content and Credibility

Our survey probes how people prefer to receive information about issues as well as how they themselves pass along information.

When it comes to sharing information about the causes they care about, respondents rank Facebook as the number one way they prefer to get the word out. Interestingly, despite the explosive growth of social media and other online venues, a significant percentage of people still prefer to communicate directly to policy makers and traditional media outlets about changes they want to see in the world. [Fig. 5]

Yet for all the popularity of social networking sites, the majority of Americans surveyed still rank traditional news media as the most effective and credible route for nonprofits to promote their work. People say they are most likely to encounter and trust information they see on television, radio, newspapers and magazines. [Fig. 6]

DEMANDING TRANSPARENCY

When asked to determine a nonprofit's effectiveness, Americans rank how the organization manages its money higher than any other leadership quality. This is true across every demographic group we surveyed. The emphasis on accountability is likely influenced by a number of trends: the focus on fiscal responsibility as Americans grapple with the economic downturn; public frustration over mismanagement of financial institutions; and a general shift toward demanding greater transparency among all institutions, including the nonprofit sector.

Not surprisingly, younger people (18-34) are more likely to use social media and the Internet as an information source and to spread information. In order for nonprofits to maximize the growing popularity of social media, they must make sure they are giving their followers and other audiences plug-and-play tools that make it easy for them to

FIG 7: NONPROFIT LEADERSHIP ATTRIBUTES

RANK	LEADERSHIP QUALITY	EXTREMELY/VERY IMPORTANT
1	Is a good steward of donated funds, spending wisely and effectively on its activities and programs that advance its mission	79%
2	Provides trustworthy, objective and fact-based information to raise awareness and promote its cause or issue	76%
3	Provides valuable services for people that meet needs not provided for by government agencies	74%
4	Raises money effectively to support its mission	73%
5	Communicates clearly, effectively and persuasively	73%
6	Maintains a clear compelling and focused mission that it consistently promotes and champions	70%
7	Takes a strong stand for what it believes, even if its position is controversial or unpopular	67%
8	Has a strong voice which has been effective in influencing public policy	66%
9	Creative and innovative in finding new ways to promote its issue and get people motivated and involved	65%
10	Builds strong partnerships with the business community	64%
11	Mobilizes people to take action through grass-roots or community organizing	61%
12	Generates meaningful coverage in the media to build awareness for its cause win supporters and bring about change	59%
13	Has made a positive difference for me or someone I know or has changed the way I think about the cause or issue	59%
14	Effective in advancing its cause or issue, even if I don't agree with what the organization stands for	52%

share information about themselves and their causes, including links to credible research, activist campaigns, videos and other content that inspires others to join the conversation.

The Leadership Qualities of Effective Nonprofits

Our study identifies 14 leadership attributes for effective nonprofit organizations and asks survey respondents to tell us how important those attributes are in their own assessment of a nonprofit's performance and brand.

The number one attribute people identified is how effectively a nonprofit allocates funds to activities that advance its mission. This holds true across every demographic group surveyed. Seventy-nine percent of respondents rank being "a good steward of donated funds" as "extremely important" or "very important."

Respondents also place a high premium on a nonprofit's ability to provide objective, fact-based information about their issue.

A nonprofit's commitment to, and ability to deliver credible information is likely to gain importance as the role of traditional news media diminishes and as the media and online information sources become increasingly polarized along the political spectrum.

Fig. 8: Top 10 Nonprofit "Leader" Brands

RANK	EXTREMELY/VERY EFFECTIVE	
1 (tie)	American Diabetes Association	61%
1 (tie)	Special Olympics	61%
3	American Red Cross	60%
4	Habitat for Humanity	58%
5	Make-A-Wish Foundation	57%
6	American Heart Association	56%
7	Susan G. Komen Foundation	55%
8	ASPCA	54%
9	American Cancer Society	52%
10	Humane Society	51%

Ranking Nonprofits

We asked people to rank the performance of 50 nonprofit organizations for their effectiveness vis-à-vis the leadership attributes described in the previous section.

We selected nonprofits that are generally well-known and represent a broad cross-section of issues. Based on the perceptions of the respondents in our survey, we classified the nonprofits in one of four categories: **Leader, Strong, Emerging or Underappreciated.** [Fig. 8]

About The Fenton Forecast

The Fenton Forecast was designed by Fenton, with field research conducted by InsightExpress, a leading online market research firm. The nationally representative online study, conducted in March 2010, surveyed 1,000 adults aged 18 and older who had donated \$20 or more to a nonprofit organization in the past year. The margin of error is +/- 3 percentage points with a 95% level of confidence.

We Build Benefit Brands

Benefit Brands create an emotional connection between a cause and a cause customer by applying universal branding truths - differentiate, resonate, motivate.

Benefit Branding diverges with traditional corporate branding by recognizing that consumers have a fundamentally different relationship with a corporate or product brand than they do with Benefit Brands.

We have applied the lessons that we have learned over 26 years of working with public-interest organizations. We help you harness the power of your brand to more effectively fundraise and gain support to advance your mission.

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BRAND BUILDING FOR NONPROFITS

1. Deliver a clear brand promise. This is the promise you make to your supporters that no one else can deliver on, effectively translated throughout your communications (stories, messages and design).
2. Understand your priority audiences. Understanding what motivates them and how to develop a strong relationship with them is critical.
3. Connect emotionally. Use emotional vocabulary and compelling images that resonate with your priority audiences.
4. Harness engagement. Your audiences must see their contribution and involvement as integral to the value-based outcomes you are working towards.
5. Create brand activists. Make it easy for your most brand-loyal supporters to spread your brand promise throughout their communities.
6. Create a sense of urgency. Your campaign is competing with countless other issues each day for the attention of your target audience.
7. Establish Credibility. Partners or third-party validators can reinforce and enhance the credibility of your effort.

ABOUT FENTON

Since 1982, Fenton has developed and implemented public interest campaigns to make the world a better place. We combine decades of expertise with creativity and innovation to accelerate progress on today's most pressing global and national issues, from protecting people's health and the environment to advancing human rights. To learn more, visit www.fenton.com.

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